

Standard Oil Company of California
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The Texas Company
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1. UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE MINUTES OF THE MEETING OF THE STATE LANDS COMMISSION HELD IN SACRAMENTO ON JULY 6, 1955 WERE CONFIRMED.
2. UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED THAT THE NEXT MEETING OF THE STATE LANDS COMMISSION WOULD BE HELD AT THE CALL OF THE CHAIRMAN.
3. (REQUEST FOR AMENDMENT OF OIL AND GAS LEASE P.R.C. 735.1, STANDARD OIL COMPANY OF CALIFORNIA, MONTALVO AREA, VENTURA COUNTY.) The following report was presented to the Commission:

"Oil and Gas Lease P.R.C. 735.1, issued pursuant to competitive public bidding June 30, 1952, provides in part as follows:

'25. In the event it should become necessary to dehydrate or clean the oil produced from wells drilled in the demised premises, the Lessee shall be entitled to an allowance of actual costs not to exceed 2½ cents per barrel of net royalty oil so dehydrated or cleaned, or at such other rate per barrel as the parties hereto may mutually agree.'

"Since the initiation of required dehydration operations under Lease P.R.C. 735.1 in October, 1954, the Lessee has reported actual dehydration costs per barrel of oil as follows: October, 1954 - \$.056, November - \$.048, December - \$.049; January, 1955 - \$.055, February - \$.075, March - \$.041.

"Section 2118(a) of the Rules and Regulations provides:

'No allowance shall be made for cost of dehydration unless specifically authorized in an existing lease, in which event the allowance shall be the actual cost of dehydration not to exceed 5 cents per net barrel of oil so dehydrated, or the allowance as specified in the lease, whichever is the lesser.'

"In consideration of the large differential between actual dehydration costs and the maximum allowance specified in Oil and Gas Lease P.R.C. 735.1 the Lessee, Standard Oil Company of California, has requested that consideration be given to amendment of the lease by mutual consent to revise the authorized dehydration allowances up to the maximum rates permitted under the Rules and Regulations."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE AMENDMENT OF OIL AND GAS LEASE P.R.C. 735.1 ON MUTUAL CONSENT WITH THE LESSEE TO PROVIDE THAT THE LESSEE SHALL BE ENTITLED TO AN ALLOWANCE OF THE ACTUAL COSTS OF DEHYDRATION NOT TO EXCEED 5 CENTS PER NET BARREL OF OIL DEHYDRATED OR CLEANED IN LIEU OF THE MAXIMUM ALLOWANCE OF 2½ CENTS PER NET BARREL SPECIFIED CURRENTLY.

4. (QUITCLAIM OF RIGHTS-OF-WAY, OIL AND GAS LEASE P.R.C. 422.5, HONOLULU OIL CORPORATION, SANTA BARBARA COUNTY.) The following report was presented to the Commission:

"Pursuant to Chapter 303 of the Statutes of 1921, the Surveyor General on June 19, 1929 granted to Elwood Exploration Company (predecessor in interest of Honolulu Oil Corporation) a right-of-way for road purposes and a right-of-way for oil, gas and water pipe lines and electric power and telephone lines for use in connection with operations on Oil and Gas Lease No. 90, which lease was subsequently renewed and extended by the State Lands Commission as P.R.C. 422.5 on October 23, 1949 (Minute Item 7, pages 1016-17). On May 26, 1952 (Minute Item 3, pages 2076-77) the Commission authorized the cancellation of Oil and Gas Lease P.R.C. 422.5 and the acceptance of a quitclaim deed to said lease. The Honolulu Oil Corporation has now proffered quitclaim deeds for the rights-of-way granted June 19, 1929 by the Surveyor General. The electric power and telephone lines previously located on the rights-of-way have been removed and the oil, gas and water lines have been removed or abandoned in place at depths estimated to reasonably preclude their erosion."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO CANCEL THE GRANTS OF RIGHTS-OF-WAY OF JUNE 19, 1929 FROM THE SURVEYOR GENERAL TO THE ELWOOD EXPLORATION COMPANY, AS ASSIGNED TO HONOLULU OIL CORPORATION, AND TO ACCEPT THE QUITCLAIM DEEDS FROM THE HONOLULU OIL CORPORATION FOR SAID RIGHTS-OF-WAY DATED NOVEMBER 2, 1954.

5. (CONSULTING SERVICES FOR REVIEW OF PROPOSED OIL AND GAS LEASES - W.O. 2049.) The following report was presented to the Commission:

"On March 31, 1955 (Minute Item 17, page 2315) the Commission instructed the Executive Officer to define the scope and estimate the cost of conducting a State-wide review of proposed oil and gas leases on tide and submerged lands by a special Board of